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From Workout to Winning

SACRED HEART UNIVERSITY SHARES
THE LESSONS IT LEARNED FROM
INSTITUTING A GE-STYLE WORKOUT
AND OFFERS TIPS FOR OTHER NON-
PROFITS WHO WANT TO TRY ONE, TOO.

BY BRIDGET LYONS AND ROBERT HARDY

Executives from General Electric (GE) have trained administrators, faculty, and staff at Sacred Heart University to use the GE workout process to identify and improve inefficient operational processes. Implementing workout in a not-for-profit setting presents unique challenges but can yield the improvements in productivity and organizational changes enjoyed in many corporate settings.

Former General Electric Chairman and CEO Jack Welch has often described successful organizations as operating with “speed, simplicity, and self-confidence.” GE accomplished this in part through a process called workout, which the company developed in the late 1980s and today is entrenched in the organizational culture. From the process’s inception, GE envisioned the workout as a tool to reduce bureaucracy and create a fundamental positive change in organizational culture. The workout process is now credited with saving millions of dollars, improving

productivity, and empowering all levels of the workforce to act with confidence and speed.

Over the past three years, executives at GE have taught administrators at Sacred Heart University, located in Fairfield, Conn., how to use the workout technique to identify and improve inefficient institutional processes and practices. Although the workout process has yielded encouraging results, implementation in a not-for-profit setting presents a unique set of challenges compared to those encountered in a corporate setting. We'll explain how Sacred Heart implemented the workout process, with a particular emphasis on factors contributing to successful workouts and the issues nonprofits encounter.

THE GE WORKOUT STEPS

GE has credited the workout with both improving processes and empowering the workforce. The workout, which has led to accelerated change and enhanced Six Sigma (high-quality improvement standards) efforts, begins with identifying a problem. Next, a group is selected to address the issue. Key to this step is involving employees and managers at different levels and from different areas in the organization who touch the process that's to be worked on. If a large group is identified, then it is divided into small teams of approximately four to eight people charged with suspending how things are normally done, analyzing the issue, and presenting recommendations to reduce bureaucracy, improve processes, etc. The teams present final recommendations to a senior manager, and the entire group discusses the recommendations. Central to the process is that the senior manager makes a yes/no decision at a meeting at the end of the workout. Workout sessions may take from two to three hours to an entire day.

Typical steps in the workout process include:

- ◆ Identify the issue or area to be targeted for improvement;
- ◆ Set up multiple teams;
- ◆ As a group, go through ideas, and brainstorm problems or barriers;
- ◆ Sort the problems or barriers into themes;
- ◆ Evaluate each theme, and prioritize by importance;
- ◆ Brainstorm potential solutions;
- ◆ Assess potential solutions by impact and effort using a Payoff Matrix (see Table 1);
- ◆ Develop action plans;
- ◆ Reconvene, and present action plans to the group; and
- ◆ Present action plans to a senior manager for a yes/no decision.

Table 1: The Payoff Matrix

	LOW EFFORT	HIGH EFFORT
HIGH IMPACT	Jewels	High hards
LOW IMPACT	Low-hanging fruit	Drop

Potential solutions are sorted by impact and effort using the Payoff Matrix to help prioritize future action. Jewels offer easy wins requiring little effort but leading to significant results, while high hards require significant effort but have a high payoff. Low-hanging fruit offers easy wins since the effort required to implement is low. Projects requiring high effort and having low impact are avoided.

THE WORKOUT PROCESS AT SACRED HEART UNIVERSITY

In 2003, executives at General Electric generously provided administrators at Sacred Heart University with consulting services to assist the University in discovering its brand and defining it more clearly and in developing a more comprehensive strategy for its implementation. During the process, those involved identified a number of operational processes and inefficiencies that reportedly frustrated students and parents. In early 2004, a larger group of Sacred Heart administrators and staff took part in the second phase of the branding process at General Electric's training facility in Crotonville, N.Y. University President Anthony Cernera charged participants to design an appropriate student development plan, improve operational efficiencies, and develop ways to communicate the brand promise. GE trained members in the workout process and expected them to facilitate workouts where appropriate.

Since 2004, workouts have led to identifying and improving operational inefficiencies in customer service, student accounts and billing, telephone processes, timely payment of adjunct faculty, and collection of fees and registration. In some areas of the University, the workout has become so engrained in the organizational culture as an approach to problem solving that staff commented they have "done workouts almost without even realizing it."

The Billing Process. An early workout identified as low-hanging fruit in Sacred Heart's Payoff Matrix was the billing process. Although the billing process involves several departments, the first workout focused on the Bursar Operations. Vice President for Finance Phil McCabe notes that misunderstanding and miscommunication

among staff members who were responsible for different parts of the process were resulting in poor customer service, inefficiency, and inaccuracy. During a workout involving the entire unit, the billing process was mapped out and analyzed. It became apparent to participants that many operational problems had resulted because they didn't understand what information the other departments needed or were unaware of how the information was being used. As a result, discussions were opened with other departments, such as the Registrar Office, that resulted in changes in how student information was being exchanged that streamlined the process a student would follow to establish a payment plan after registering. A more tangible outcome of the process was that it facilitated the implementation of a new phone system for the Bursar's Office. During the workout it was clear that the group could easily redesign the process to improve accuracy and customer service. Comments from those involved included "Oh, now I understand what you need" and "I have a better way to get you that." Critical to this workout was bringing together all functions involved in the flow of information so that each understood the needs of the others when redesigning the process. This early workout clearly demonstrated to staff the method's effectiveness in highlighting operational deficiencies that can often be adjusted easily.

Vacation Policy. Another early workout that included Human Resources and the Business Office (Finance and Administration) focused on Sacred Heart University's vacation-accrual process. The accrual component of the vacation policy needed to be reviewed and updated for consistency, legal compliance, SHU core values, and contemporary practice. Issues of concern included the payout of accrued and unused vacation at the time of separation, a one-year waiting period for new employees to take vacation, employee uncertainty regarding the current policy, and difficulty tracking vacation. These issues were the low-hanging fruit in the Payoff Matrix. As a

result of this workout, the group developed and implemented a simplified vacation policy, making it easier for employees to understand and track their accrued vacation days. Also, this workout led to the development of both a bereavement and personal-days policy. Steps in this workout are described in "Detailed Steps from a Workout" on p. 22 and illustrated in Table 2 in that sidebar.

Nursing Admissions. A more recent workout involving the admissions process for nursing students could be considered a jewel since it led to a relatively high impact given the effort. The nursing program at Sacred Heart is limited to a class of 60 each year because of resource constraints and program objectives. While many universities admit students directly to their nursing program, Sacred Heart admitted undergraduate students to the University rather than to specific programs. Toward the end of their freshman year, students interested in nursing then would apply for admittance into the nursing program.

This caused several problems. First, it was difficult to recruit prospective students since there was no guarantee they would be admitted to the nursing program, which was unlike most peer schools. Also, faculty and admissions staff devoted a significant amount of time to interviewing prospective students. Those involved noted that, while the goal of the interview was to select the best candidates, in the end the interview wasn't a significant determinant of admittance, so it wasn't a good use of faculty time. Finally, students who selected Sacred Heart but then weren't admitted to the nursing program were very dissatisfied.

The solution? Dori Taylor Sullivan, chair of the nursing department, worked with Kathleen Fries, director of undergraduate nursing, and Karen Guastelle, dean of undergraduate admissions, to flowchart the process, identify potential solutions, clarify roles, and improve communications. They developed a new admissions and recruitment system that allows prospective students with strong credentials to apply directly to the nursing program. Students who are admitted are guaranteed a slot in the nursing program provided they meet program and grade requirements during their freshman year. A few slots are left available for competitive admittance for students who aren't admitted directly. The result is more satisfied students and faculty and staff who are able to use time more productively.

FACTORS CRITICAL TO SUCCESS

Many at GE note that the workout process is most effective in improving a process, not solving a technical prob-

Detailed Steps from a Workout

To demonstrate the workout process, we have detailed the steps from the workout undertaken by the Sacred Heart University's Human Resources department. Here are the steps in the workout, which started in April 2005.

1. IDENTIFY THE ISSUE

- ◆ The broad issue addressed in the workout is the successful implementation of a new software package and its impact on the University vacation-accrual process.

2. SELECT FACILITATOR AND WORKOUT COMMITTEE MEMBERS

- ◆ Human Resources selected a facilitator. In our experience, an ideal facilitator is trained in the process but isn't necessarily connected to the workout issue. This enables the facilitator to take an unbiased approach and focus on the facilitation of the group rather than resolution of the issue.
- ◆ The committee members should be those directly involved in the issue and should represent different layers of employees from junior through senior management. In a workout setting, all committee members are considered equal in terms of their contributions.

3. DEFINE THE PROBLEM

- ◆ In order to implement an online time-and-attendance system, the accrual component of the vacation policy needed to be reviewed and updated for consistency, legal compliance, University core values, and contemporary practice.

4. BRAINSTORM PROBLEMS AND BARRIERS

- ◆ Determined policy on cash received for accrued and unused vacation. Does time of year impact payout? Determined policy for employees in first year of service. Legal issues?
- ◆ Defined policy on vacation in first year for exempt and nonexempt employees, including the issue of borrowing against future accruals.
- ◆ Clarified the process. Ours was confusing to employees, difficult to track, and appeared to be applied inconsistently.

5. CATEGORIZE AND PRIORITIZE PROBLEMS AND BARRIERS

- ◆ Rewrote parts of policy, which was a high priority;
- ◆ Evaluated legal aspects of accrued vacation;
- ◆ Developed new policy on personal days; and
- ◆ Determined less-urgent issues and put them in the parking lot for future consideration.

6. BRAINSTORM SOLUTIONS

- ◆ Developed policy for terminated employees, with consideration given to paying out accrued but unused vacation;
- ◆ Evaluated five proposals for vacation policy on new hires;
- ◆ Rewrote policy more simply;
- ◆ Added separate bereavement policy; and
- ◆ Added personal-days policy to address timing issues during first year.

7. DEVELOP ACTION PLANS

- ◆ Developed steps with responsibilities, timelines, resource requirements, and next steps clearly detailed. Table 2 illustrates the action plan for one component of our workout plan. While there were no additional resources needed for this workout, determination of resources needed is an important part of the process.

8. SHARE ACTION PLANS

- ◆ Distributed action plans to all workout team members for review.

9. REPORT ACTION PLANS

- ◆ Facilitator presented the final action plan to all team members and other stakeholders.

Table 2: Action Plan for One Component

What: Action/Commitment	Who: Responsibility	When: Deadline	Resources Needed	Next Steps
1. Develop draft bereavement policy.	XXXXX	4/30/05	None	Develop draft to be reviewed by VP for HR, AVP for Finance, President, and Cabinet. Draft completed as of 4/12/05 and in internal review.
2. Develop draft of newly revised vacation policy.	XXXXX	5/21/05	Software purchased	Draft in progress and in internal review.
3. Develop a personal-days policy for new hires.	XXXXX	5/20/05	None	Draft completed as of 4/12/05 and in internal review.
4. Review final policy with legal counsel.	XXXXX	4/18/05	None	As appropriate. Could conduct analysis for last year's terminations as to technical incremental costs.

lem. The following factors are critical to success:

- ◆ The problem must be specific and well defined. One workout at the University fell apart because the issue was so broad we never got past identifying the issue and failed to define the problem.
- ◆ Management must buy into the workout process.
- ◆ The issue needs a “champion” who can push the issue, force deadlines, and lead the resulting action plan.
- ◆ The team must have the knowledge and authority to resolve the issue. This means assembling a team with all key personnel who touch the issue. One workout here failed because instrumental people weren’t in attendance. It would have been more effective to reschedule.
- ◆ The issue should be viewed as urgent.
- ◆ There is a nothing-sacred mentality regarding brainstorming.
- ◆ Ideas are actionable.
- ◆ Follow-up is expected.

IMPLEMENTATION IN A NOT-FOR-PROFIT SETTING

Although we have experienced a great deal of success using the workout process, there are unique challenges in not-for-profit settings. The workout process emphasizes speed, a trait not always valued in the not-for-profit culture. Then, not surprising, an immediate yes/no decision is difficult in this culture where decision by committee is the norm. The sense of urgency many cite as critical to success in a workout can be very difficult to create, which may explain why most successful workouts undertaken at Sacred Heart have involved staff and administrators rather than faculty members.

Another challenge is that authority lines aren’t always as clear as in for-profit corporations, which can make it difficult to assemble the right team. Some of the best ideas come from those closest to a process. Yet in some not-for-profits, the sort of discussion, brainstorming, and analysis required for a successful workout may be difficult among faculty, managers, administrators, and staff.

Further, not-for-profits may lack a common metric—the bottom line. This isn’t essential, but there must be consensus on common goals. As Dori Sullivan noted when describing her workout, “...even not-for-profits have to stay in business. So if you want to deliver on your mission, you need to be efficient and effective.” Therefore, it’s important to create consensus on priorities and mission early on.

Yet the process can be very effective in not-for-profit settings. Phil McCabe has worked on a number of suc-

cessful workouts and notes that when the workout team puts the facts out there for all to see and then maps out and evaluates a process, it often leads to effective group action. According to McCabe, flaws become readily apparent to the group, and the process “helps you to put the parochial stuff in your pocket.” Once the group has identified problems inherent in a process and developed possible solutions, there is peer pressure to act, abandon old ways, and work toward an improved outcome.

Another benefit is that involving staff closest to the process can yield great ideas. Participation in a workout may be the first time that junior staff are asked to help solve a problem. Although they may be apprehensive initially, such staff often understand the process best and are instrumental in mapping the steps in the process and recommending alternatives. Inclusion in the problem solving also builds confidence and improves morale. It also cultivates collegiality and collaboration—values highly esteemed in academia.

To maximize success when initially adopting the workout process, we recommend beginning with projects that fall into the jewel or low-hanging fruit sections of the Payoff Matrix. Select an easy win, and designate an effective champion to lead the process. This builds confidence in the organization to problem-solve and energizes everyone to take responsibility for excellence and equity. ■

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